CONCORDIA UNIVERSITY

BOARD OF GOVERNORS

CONCORDIA EMPLOYEE BENEFITS COMMITTEE

Minutes of the meeting May 30, 1983

Attendance: Mr. M. Bourgault, Acting Chairman, Prof. L. Bessner, Dr. J. Daniel, Prof. G. Martin, Miss S. O'Reilly, Prof. H. Ripstein, Mr. B. Smart, Mr. C. Waters, Mr. M. Hamilton of William M. Mercer, Miss D. Johnson and Ms. L. Gardham

Regrets: Mr. G. Fisher and Mr. R. Groome

INVESTMENT REVIEW - Jarislowsky Fraser

Mr. Kertland noted that the basic investment outlook has changed very little, with a presidential election next year in the U.S. the economy will be politically stimulated.

The Canadian market has moved substantially more today than it should have. Under normal circumstances we would move more money into Equity but today we want to do just the opposite. The market is a function of the price-earnings multiple, the long term rate of return is better in stocks but the market in Canada is ahead of itself and it is a concern to Jarislowsky Fraser.

Mr. Kertland noted that they would be shifting from a 50 - 50 split to 55% in Fixed and 45% in Equity. The return on long-term bonds is 2% better than on short-term so the Equity cash reserves will be transferred to earn the extra 2% to 2½% return.

Diversification is the secret within the bond portfolio as well as the Equity portfolio.

Miss Johnson asked how Jarislowsky Fraser wished to have new cash distributed between the Equity and Fixed Income accounts. Mr. Kertland noted that a lump sum transfer would be requested in writing and the distribution of new cash modified to 45% Equity and 55% Fixed. Since these changes fall within the existing, approved guidelines no resolution is required.

INVESTMENT MANAGEMENT - Beutel Goodman

Mr. Williams pointed out that the U.S. economy has not changed much since the last review meeting. It grew about 3% and it is anticipated the recovery will continue at 2½-3% real growth throughout the year.

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In the short run inflation will be at a much lower level and corporate profits may be up by as much as 30%. Most businesses are improving from increased productivity.

Federal deficits are high in both the U.S. and Canada but they should reduce as economic activity picks up. Beutel Goodman is optimistic that inflation will reduce to just over 6% in 1983 and 5% in 1984. Basically not much has changed since the last investment review.

Miss Johnson asked if Beutel Goodman was happy with the current distribution of new cash between the Equity and Fixed Income accounts.

Mr. Williams noted that the current 50 - 50 split was satisfactory. He also noted that Beutel Goodman would be prepared to have up to 10% of the fund in real estate. There is a change going on in the real estate development field and pension funds will own a lot more real estate in the future.

Miss Johnson asked if the time was right for this Committee to consider diversification and entering into some real estate investment.

Mr. Williams noted that real estate is a long-term investment and if you are not prepared to take a ten-year view you should not enter into it. Real estate should be considered as a separate asset clause.

ACCIDENTAL DEATH & DISMEMBERMENT INSURANCE

Miss Johnson advised Committee that I.N.A., our current carrier, had met the lowest competitive premium quotation and we can effect the reduction as of July 1, 1983. An open enrolment has been suggested but this will be postponed until the fall as many people will be away during the summer months.

Prof. Bessner commended the people involved on having done their homework.

AUDIT REPORT

The Chairman asked if there were any questions regarding the Audit Report. Mr. Smart asked if the expenses were reasonable. Mr. Hamilton noted that these would have to be broken down component by component to compare costs; reductions might be possible but how this would impact on the Plan could be a totally different thing. You could be being penny-wise and pound foolish. What differs between Plans is how much managing is being done. For example actuarial firms tend to charge roughly the same fees.

The Chairman asked for further questions and comments then called for other business to be discussed.

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Mr. Smart noted that a draft petition was circulating regarding the Loyola past service benefit and wished to clarify that neither he himself nor Mr. Waters were the authors. Prof. Martin asked that we make it clear that it did not come from this Committee.

MINUTES OF THE MEETING OF MAY 9, 1983

The Chairman requested approval of the minutes of the last meeting, Prof. Martin proposed the motion, Prof. Bessner seconded and the motion was carried.

Prof. Bessner noted that two members of the Committee would no longer be with us in the fall and was joined by Committee at large in a vote of thanks to Mr. Waters and Prof. Ripstein.

ELECTION RESULTS

Miss Johnson noted that the election results had been tabulated by Mercers and during the 1983-85 term the academic representative would be Prof. Herbert Ladd and the non-academic representative would be Ms. Ann Kerby. The announcement will be going out to all participants shortly.

The meeting adjourned at 2:20 p.m.

Respectfully submitted,

M. Dawn Johnson

M. Dawn Johnson, Secretary
Concordia Employee Benefits Committee

Special thanks to recording secretary L. Gardham.